

## Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 NIC-01 SAJ-01 SAM-01 OMB-01 CIEP-01 EB-07

COME-00 TRSE-00 AID-05 /072 W  
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R 191619Z NOV 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 1059

INFO AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

C O N F I D E N T I A L LISBON 5069

EO 11652: N/A

TAGS: EGEN, PGOV, PO

SUBJ: ARMED FORCES BULLETIN CRITICIZES ECONOMIC MINISTRY

REF: LISBON 5007

1. SUMMARY: ARTICLE IN NOVEMBER 12 ISSUE OF ARMED FORCES MOVEMENT (AFM) BULLETIN INDICATED SPLIT WITHIN MOVEMENT. AUTHOR CLAIMED EXCEPTIONAL ANTI-MONOPOLISTIC MEASURES NEEDED BECAUSE ECONOMIC BENEFICIARIES OF OLD REGIME STILL RETAIN POWER. PERFORMANCE OF MINISTRY OF ECONOMY STRONGLY CRITICIZED, AS WAS VAGUENESS OF INFORMATION ABOUT NEW GROUP CREATED TO PRESENT ECONOMIC-SOCIAL ACTION PLAN. ARTICLE URGED FUNDAMENTAL STRUCTURAL REFORMS THROUGH PRIME MINISTER OR A MINISTER WITHOUT PORTFOLIO. AFM ISSUED STATEMENT OF SUPPORT FOR PROVISIONAL GOVERNMENT AFTER ALLEGED RESIGNATION THREATS BY ECONOMIC AND FINANCE MINISTERS. ARTICLE MAY HAVE BEEN ATTEMPT BY MDP TO FORCE RESIGNATION OF ECONOMIC MINISTER AND OBTAIN HIS POST FOR PEREIRA DE MOURA. END SUMMARY.

2. CURRENT REPORTED CRISIS WITHIN ARMED FORCES MOVEMENT (AFM) (REFTEL) BECAME PUBLIC THROUGH LENGTHY UNATTRIBUTED ARTICLE IN CONFIDENTIAL

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NOV 12 ISSUE OF AFM BULLETIN "MOVIMENTO." ARTICLE POINTED OUT

THAT ALTHOUGH APRIL 25 MOVEMENT WAS PROFOUND SOCIAL REVOLUTION, NOT JUST COUP, THE "GREAT BENEFICIARIES" OF OLD REGIME, GREAT CAPITALIST GROUPS AND LARGE RURAL LANDHOLDERS, STILL RETAIN THEIR POWER. RIGHT HAS ARGUED AGAINST FUNDAMENTAL REFORMS TO SABOTAGE POLITICAL AND SOCIAL GAINS, AND LEAD ECONOMY TOWARD PARALYSIS. MEANWHILE, AFM HAS FORGOTTEN ITS ECONOMIC PROGRAM IN PREOCCUPATION WITH POLITICS. IT WAS REMINDED THAT REAL DEMOCRACY CAN ONLY COME THROUGH TAKING EXCEPTIONAL ANTI-MONOPOLISTIC MEASURES, BOTH OF SHORT-TERM AND LONG-TERM NATURE.

3. ARTICLE THEN STRONGLY CRITICIZED PERFORMANCE OF MINISTRY OF ECONOMY. IF THEY HAD BEEN GIVEN SUFFICIENT MEANS, DIRECTORATES-GENERAL OF PRICES AND ECONOMIC INSPECTION COULD HAVE GAINED SOME DEGREE OF CONTROL OVER INFLATION, BUT REAL CONTROL REQUIRES CHANGES IN PRODUCTIVE STRUCTURES TO INCREASE PRODUCTIVITY AND REDUCE PRICES. AUTHOR ALSO ASKED RHETORICALLY WHAT MEASURES HAD BEEN TAKEN TO FULFILL MFA PROGRAM IN AREAS OF STATE INTERVENTION IN BASIC SECTORS, AGRICULTURAL REFORM, AND PROMOTION OF COOPERATIVES/REVISION OF MARKETING STRUCTURES. MINISTRY WAS ACCUSED OF LACKING A COHERENT GENERAL ECONOMIC POLICY AND OF SLOW DECISION-MAKING.

4. AUTHOR ALSO DECRIED LACK OF KNOWLEDGE OF MAKE-UP OR OBJECTIVES OF SPECIAL GROUP CREATED OCT 18 BY COUNCIL OF MINISTERS TO PRESENT AN ECONOMIC-SOCIAL PLAN OF ACTION. HE URGENT THAT PLAN SHOULD INCLUDE NOT ONLY MEASURES FOR SHORT-TERM IMPROVEMENT OF ECONOMY, BUT INDISPENSABLE STRUCTURAL REFORMS TO GIVE STATE CONTROL OF BASIC SECTORS OF ECONOMIC ACTIVITY. ACTION MUST BE COLLECTIVE, GIVING PROGRESSIVELY GREATER ROLE TO BOTH STATE AND WORKERS, "TRUE CREATORS OF THE NATIONAL WEALTH." PLANNING AND EXECUTION MUST BE TAKEN FROM "TRADITIONAL BUREAUCRATIC MECHANISMS" OF MINISTRIES AND PASS TO PRIME MINISTER OR A MINISTER WITHOUT PORTFOLIO.

5. UNCONFIRMED PRESS REPORTS ALLEGED THAT ECONOMIC MINISTER RUI VILAR AND FINANCE MINISTER SILVA LOPES PERSONALLY SAW PRIME MINISTER GONCALVES AND JOINTLY OFFERED THEIR RESIGNATIONS UNLESS AFM PUBLISHED DISAVOWAL OF ARTICLE. FOR WHATEVER REASON, ON NOV 13 MINISTER WITHOUT PORTFOLIO AND AFM LEADER MAJOR MELO ANTUNES ISSUED STATEMENT THAT MOVEMENT CONFIDENTIAL

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HAS TOTAL CONFIDENCE IN ECONOMIC MINISTER, AND EXPRESSED LACK OF UNDERSTANDING OF HOW ARTICLE COULD CONTAIN "SO MANY SPECULATIONS." ON FOLLOWING DAY AFM COORDINATING COMMITTEE ITSELF ISSUED A STATEMENT DECLARING ITS CONFIDENCE IN WHOLE PROVISIONAL GOVERNMENT.

6. UNDER SECRETARY FOR INTERNAL ADMINISTRATION LUIS CARVALHO TOLD EMBOFF THAT ARTICLE WAS WRITTEN OR INSPIRED BY EITHER

MARIO MURTEIRA OR PEREIRA DE MOURA OF MDP, BOTH OF WHO ARE APPARENTLY COMMUNISTS. ACCORDING TO THIS VERSION, MDP HOPED TO FORCE RESIGNATION OF RUI VILAR TO ALLOW HIS REPLACEMENT FROM MDP. COMMENT: PEREIRA DE MOURA HAD HOPED FOR POST OF MINISTER OF ECONOMICS AND FINANCE PRIOR TO FORMATION OF FIRST PROVISIONAL GOVERNMENT, WAS PASSED OVER IN FAVOR OF VASCO VIEIRA DE ALMEIDA, AND HAD TO BE CONTENT WITH MINISTER WITHOUT PORTFOLIO POST. HE WAS DROPPED FROM CABINET WITH FORMATION OF SECOND PROVISIONAL GOVERNMENT. HE APPARENTLY IS TRYING TO GET BACK INTO GOVERNMENT THROUGH CRITICISM OF THOSE WHOSE JOBS HE COVETS.

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## Message Attributes

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